

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 EA-11 NEA-10 IO-13 ADP-00 AF-10

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-02

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01

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PRS-01 OMB-01 OIC-04 RSR-01 /230 W

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TO SECSTATE WASHDC 302

INFO AMEMBASSY BELGRADE

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AMEMBASSY BRASILIA

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AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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PASS STR

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT:CTIP, JULY 4-6

BEGIN SUMMARY: GATT COMMITTEE ON TRADE IN INDUSTRIAL PRODUCTS (CTIP) ADOPTED REPORT ON STATUS OF WORK ON TECHNIQUES AND MODALITIES (T&MS), INCLUDING SECTOR APPROACH, FOR THE NEGOTIATION OF TARIFFS, NONTARIFF BARRIERS, AND SAFEGUARDS AND THEIR IMPLICATIONS FOR LDCS. END SUMMARY

1. CTIP DISCUSSED ADDITIONS TO PRIORITY LIST OF NTBS THAT COUNTRIES WANT INCLUDED IN NEGOTIATIONS, THE SECTOR APPROACH, EFFECTS OF MFN TARIFF CUTS ON GENERALIZED SYSTEM OF PREFERENCES (GSP), THE TARIFF STUDY, AND DRAFT STANDARDS CODE. REPORT ADOPTED ON STATUS OF WORK THESE TOPICS AND THOSE PREVIOUSLY DISCUSSED (T&MS FOR NEGOTIATIONS ON TARIFFS, NTBS, AND SAFEGUARDS). ON EVERY SUBJECT IN REPORT BRAZIL PROPOSED THAT SPECIAL OR PREFERENTIAL TREATMENT BE GIVEN LDCS ALONG LINES OF REPORT OF COMMITTEE ON TRADE AND DEVELOPMENT (L/3873). NO OTHER LDC VERY ACTIVE.

2. NONTARIFF BARRIERS. IN FIRST FULL DISCUSSION OF LIST OF NTB CATEGORIES FOR POSSIBLE INCLUSION IN NEGOTIATIONS, FOLLOWING SPECIFIC SUGGESTIONS MADE IN ORDER THAT DELS PROPOSED THEM:

(A) JAPAN. ALL NTBS IN CURRENT GATT WORK PROGRAM BUT, SPECIFICALLY, ANTIDUMPING DUTIES AND GOVERNMENT PROCUREMENT.

(B) CANADA. EXPORT SUBSIDIES AND DOMESTIC SUBSIDIES THAT STIMULATE EXPORTS AND THAT LEAD TO IMPORT SUBSTITUTION; ANTIDUMPING AND COUNTERVAILING DUTIES; QRS, EMBARGOES, AND LICENSING; PRODUCT STANDARDS.

(C) SWITZERLAND. EXPORT SUBSIDIES; GOVERNMENT PROCUREMENT  
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MENT; CUSTOMS VALUATION; IMPORT DOCUMENTATION; CONSULAR FORMALITIES; PRODUCT STANDARDS; MARKING AND LABELLING; QRS, EMBARGOES AND LICENSING; IMPORT TAXES; FOREIGN EXCHANGE RESTRICTIONS; PRIOR DEPOSITS; AND HEALTH AND SANITARY REGULATIONS.

(D) NORWAY. PRODUCT STANDARDS; CUSTOMS VALUATION; LICENSING; CONSULAR FORMALITIES; MARKING AND LABELLING;

QRS.

(E) FINLAND. CUSTOMS VALUATION; LICENSING; PRODUCT STANDARDS; CONSULAR FORMALITIES; EXPORT SUBSIDIES; ANTI-DUMPING DUTIES.

(F) AUSTRALIA. PARTICULARLY QRS AND PRODUCT STANDARDS, BUT ALSO EXPORT SUBSIDIES, INCLUDING DOMESTIC SUBSIDIES THAT STIMULATE EXPORTS; ANTIDUMPING AND COUNTERVAILING DUTIES; CUSTOMS VALUATION; CONSULAR FORMALITIES; IMPORT DOCUMENTATION; PACKAGING AND LABELLING; LICENSING.

(G) BRAZIL. QRS; INTERNAL TAXES; ANTIDUMPING AND COUNTERVAILING DUTIES.

(H) ARGENTINA. QRS; HEALTH AND SANITARY REGULATIONS.

(I) POLAND. QRS; IMPORT TAXES; PRICE CONTROL SYSTEMS; ANTIDUMPING DUTIES.

US PRIORITIES (EXPORT SUBSIDIES AND DOMESTIC SUBSIDIES THAT STIMULATE EXPORTS, PRODUCT STANDARDS, AND GOVERNMENT PROCUREMENT) PREVIOUSLY GIVEN AND NOT REITERATED.

3. EC REP (ABBOTT) HAD NO SPECIFIC PROPOSALS AND SAID TRADE NEGOTIATIONS COMMITTEE RATHER THAN CTIP SHOULD DETERMINE NTB NEGOTIATING PRIORITIES. HOWEVER, EC SUGGESTED FOLLOWING GENERAL PRINCIPLES THAT SHOULD GUIDE FUTURE NTB WORK:

(A) CONCENTRATE ON NTBS SUBJECT TO KULTILATERAL SOLUTIONS AND THOSE THAT PRESENT GREATEST OBSTACLES TO TRADE; (B) TAKE ACCOUNT OF WORK ALREADY UNDERWAY IN GATT AND OECD; LIMITED OFFICIAL USE

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AND (C) ABOLITION OF PROTOCOL OF PROVISIONAL APPLICATION (GRANDFATHER CLAUSE).

4. SECTOR APPROACH. USING NOTE SUBMITTED BY CANADA (COM.IND/W/109), CTIP CONSIDERED SECTOR APPROACH FOR MULTILATERAL TRADE NEGOTIATIONS (MTN). CANADIAN REP (CLARK) SAID THAT SECTOR APPROACH NOT PROPOSED AS EXCLUSIVE NEGOTIATING METHOD BUT AS ONLY ONE AMONG OTHERS. CANADIAN NOTE, HOWEVER, EMPHASIZED ADVANTAGES AND MINIMIZED DISADVANTAGES OF SECTOR APPROACH. US REP (KELLY) AGREED THAT SECTOR APPROACH HAD CERTAIN ADVANTAGES BUT, IN PARTICULAR, CITED DOMESTIC "POLITICAL" PROBLEMS IN SELECTION OF SECTORS. HE ASKED WHETHER CANADIAN DEFINITION OF SECTORS WOULD CORRESPOND WITH 23 PRODUCT CATEGORIES INCLUDED IN TARIFF STUDY AND WHETHER CANADA WOULD EXPAND NUMBER OF SECTORS FOR MTN

BEYOND THOSE IT HAD PREVIOUSLY MENTIONED (L/3756), I.E. CHEMICALS, ALUMINUM, FOREST PRODUCTS, COPPER, LEAD AND ZINC (ALL KEY CANADIAN EXPORT INDUSTRIES). CANADIAN REP RESPONDED THAT DEFINING SECTORS WOULD BE ONE OF MOST DIFFICULT ASPECTS OF SECTOR NEGOTIATIONS AND THAT CANADA'S PREVIOUS LIST WAS ONLY ILLUSTRATIVE OF POSSIBLE PRODUCT COVERAGE. HE SAID, HOWEVER, THAT SECTOR APPROACH PARTICULARLY APPLICABLE TO INDUSTRIES BASED ON RAW MATERIALS.

5. EC, SWITZERLAND, BRAZIL, AND SPAIN SUPPORTED SECTOR APPROACH AS COMPLEMENTARY MTN TECHNIQUE. BRAZIL REITERATED SUPPORT FOR US PROPOSAL AT CTD FOR SECTOR ON TROPICAL PRODUCTS. JAPAN (MIZOGUCHI) ALSO SAW SOME ADVANTAGES TO SECTOR APPROACH BUT SHARED US VIEW ON POLITICAL PROBLEM.

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01 IO-13

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PRS-01 OMB-01 OIC-04 RSR-01 /230 W

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INFO AMEMBASSY BELGRADE  
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6. GSP AND MFN TARIFF CUTS. ON BASIS SECRETARIAT NOTE (COM.IND/W/111 AND ADD. 1) CTIP BRIEFLY DISCUSSED FEASIBILITY OF ANALYZING TRADE EFFECTS OF MTN TARIFF CUTS ON GSP. EC REP SAID THAT SECRETARIAT'S NOTE CONCEN- TRATED TOO MUCH ON EROSION OF GSP ADVANTAGES TO LDCS RE- SULTING FROM MFN REDUCTIONS IN MTN. FURTHERMORE, HE CHALLENGED THIS ASSUMPTION, CITING BENEFITS TO LDCS OF MFN CUTS ON GSP ITEMS SUBJECT TO TARIFF QUOTAS AND OF MFN CUTS ON NON-GSP ITEMS. EC ALSO DOUBTED WHETHER PREFERENCES NECESSARILY LEAD TO PRICE ADVANTAGES FOR LDC EXPORTS. US AGREED WITH EC AND STATED THAT THERE WERE ALSO ADVANTAGES FROM MFN REDUCTIONS TO THOSE LDCS THAT ARE EXCLUDED FROM PREFERENTIAL ARRANGEMENTS OTHER THAN GSP. ROMANIA AND ISRAEL ALSO BELIEVED THAT IT DIFFICULT TO ASSESS TRADE EFFECTS OF MFN CUTS ON GSP AND SUGGESTED SECRETARIAT UNDERTAKE FURTHER WORK.

7. TARIFF STUDY. CHAIRMAN OF TARIFF STUDY WORKING PARTY (WP) PRESENTED REPORT OF JULY 3 WP MEETING (SEPTEL). EC RESERVED ON HAVING SECRETARIAT PRODUCE ANY UPDATED STATISTICAL TABULATIONS RELATING TO SPECIFIC TMS ON GROUNDS IT WOULD BE ONE-SIDED TO MAKE TABULATIONS FOR CERTAIN T&MS, E.G. DUTY ELIMINATION, WITHOUT ALSO PRODUCING THEM FOR EC TARIFF HARMONIZATION PROPOSALS. US REPLIED THAT IT DID NOT OBJECT TO TABULATIONS RELATING TO EC HARMONIZATION PROPOSALS. IN FACT, US BELIEVED THAT LL PROPOSED TABULATIONS SHOULD BE UNDERTAKEN EVEN THOUGH THEY MIGHT BE INTERPRETED IN WAYS THAT SOME DELS WOULD REGARD AS PREJUDICIAL TO THEM.

CONSEQUENTLY, IT ONLY REASONABLE THAT US PROPOSAL FOR TABULATIONS RELATING PREFERENTIAL DUTIES ALSO BE MADE. SWISS REP (DUNKEL) STATED THAT ALL OBJECTIVE AND STATISTICALLY NEUTRAL TABULATIONS SHOULD BE MADE BUT THAT POLITICALLY IMPORTANT DISAGREEMENT EXISTS ON WHAT CONSTITUTES PREFERENTIAL RATES. US REP POINTED OUT THAT US PROPOSAL RELATES ONLY TO STATISTICAL DIFFERENCES IN CERTAIN LIMITED OFFICIAL USE

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RATES AND THAT INDIVIDUAL COUNTRIES CAN CALL THESE DIFFERENCES ANYTHING THEY WISH. CANADA SYMPATHIZED WITH US VIEW. ALL TABULATIONS RELATING SPECIFIC T&MS TO BE DISCUSSED AT NEXT WP MEETING.

8. STANDARDS CODE. CHAIRMAN WORKING GROUP III SUBMITTED TEXT DRAFT STANDARDS CODE (COM.IND/W/108) TO CTIP, WHICH RECOMMENDED THAT GOVERNMENTS EXAMINE (A) THE OUTSTANDING ISSUES WITH A VIEW TO FINDING MUTUALLY-ACCEPTABLE SOLUTIONS AND (B) THE IMPLICATIONS ARISING FROM THE CODE'S ACCEPTANCE. US EXPRESSED HOPE THAT, IF REMAINING ISSUES COULD BE RESOLVED AND SUFFICIENT RECIPROCITY WERE OBTAINED, CODE MIGHT BE IMPLEMENTED PRIOR TO CONCLUSION OF MTN. JAPAN AND FINLAND AGREED AND HOPED THAT SOLUTIONS OTHER NTBS MIGHT ALSO BE IMPLEMENTED. ALTHOUGH LENDING MILD SUPPORT TO EARLY IMPLEMENTATION OF STANDARDS CODE, CANADA EMPHASIZED THAT OUTSTANDING ISSUES WOULD HAVE TO BE RESOLVED FIRST. EC REITERATED RESERVATIONS MADE IN WG III CONCERNING DIFFERENT LEVELS OF OBLIGATION FOR COUNTRIES WITH A FEDERAL STRUCTURE AND THOSE WITH A UNITARY STRUCTURE, ETC. POLAND EVEN MORE NEGATIVE, STATING FLATLY THAT CODE UNBALANCED FOR THEM (BECAUSE ALL POLISH STANDARDS ARE MANDATORY) AND THEREFORE COULD ONLY BE IMPLEMENTED AS PART OF MTN WHERE OFFSETTING CONCESSIONS MIGHT BE OBTAINED.

9. REPORT ADOPTED BY CTIP ON STATUS OF WORK IS REVISION OF OCTOBER 1972 REPORT TO COUNCIL (L/3756) TAKING INTO ACCOUNT DISCUSSIONS AT JANUARY (COM.IND/W/96), MAY (COM.IND/W/106, AND THIS MEETING. CTIP EXPRESSED HOPE THAT REPORT WILL ASSIST WORK OF PREPARATORY COMMITTEE. BASSIN

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## Message Attributes

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**Review Exemptions:** n/a  
**Review History:** RELEASED <12-Sep-2001 by freemaal>; APPROVED <29-Oct-2001 by morefirh>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
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**TAGS:** ETRD, GATT  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005